

# **Reliability Peaking Generation Program of the California Power Authority**

Pre-Bid Conference  
March 12, 2003

# Overview

- Welcome / introductions
- Ground rules
  - 10:00 AM to 12:00 Noon
  - Hold questions till end of brief presentation
  - Summary of Q & A will be available on website
- Background / purpose
- Goals / objectives
- RFP highlights
- Project Timeline

## Background / Purpose

- **Power Authority mandates**
  - Reliable, affordable electrical power
  - Sufficient power reserves
  - Stability and rationality in California's electricity market
- **The case for more peakers**
  - Target reserve level of 17 percent
  - Existing statewide reserves approx. 10 percent
  - Load growth / retirement of aging plants will widen this gap
- **Supplement, not supplant, the market**
  - 300 MW is only 9 percent of the gap
- **Benefits**
  - Cost-of-service basis
  - Adds to power reserves
  - Mitigate volatility of peak prices
  - Provides a peaking power cost benchmark

## **Goals / Objectives**

- Up to 300 MW of new peaking generation
- Power Authority ownership financed through long-term Power Authority borrowing (revenue bonds)
- Lowest cost ("Category 1")
- Locations in reliability sensitive areas ("Category 2")
- Power Purchase Agreement with IOU(s) on cost-of-service basis

# RFP Highlights

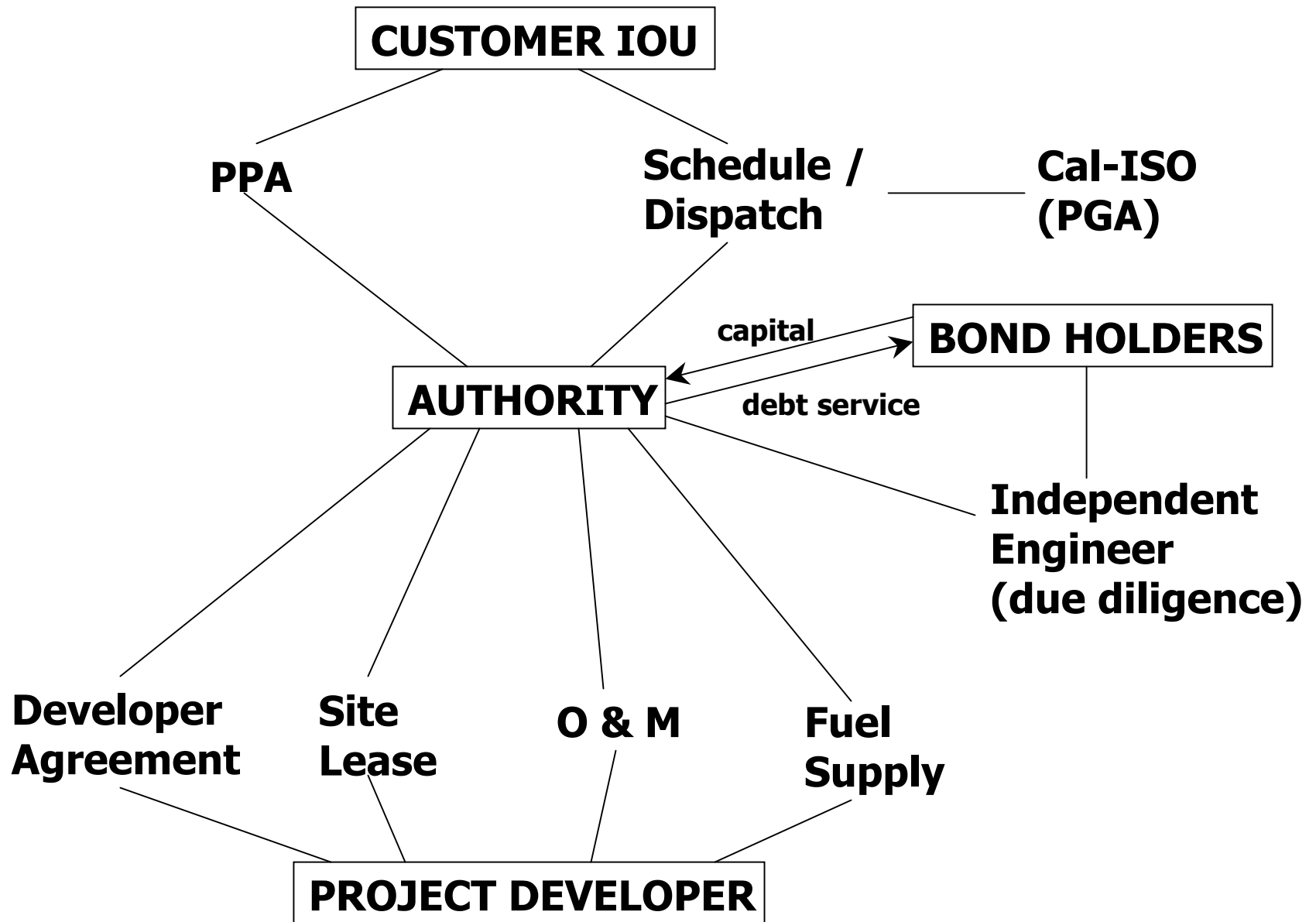
- Category 1 Proposals
  - \$500/kW ceiling price
- Category 2 Proposals
  - Best price at locations identified by Cal-ISO
- Fixed turnkey price (all inclusive)
- O&M, at a fixed price, provided by developer
- Fuel management provided by developer
- Fuel is a pass through
- Developer responsible for development/construction financing

## **RFP Schedule**

2/28/03	RFP Released
3/12/03	Pre-Bid conference
3/19/03	Notice of Intent to Respond due
4/23/03	Responses due
5/15/03	Preferred responses selected
May/June 2003	Negotiation of agreements
7/11/03	Authority Board consideration of development agreements

# Project Timeline

- Development Agreement executed (between CPA & developer)
- Power Purchase Agreement executed (between CPA and IOU)
- CPUC approval
- Authority financing commitment (Authority Board resolution)
- Authority issues Notice to Proceed
- Commence Development and Construction
- Start-up / acceptance tests
- Bonds sold
- Acceptance of commercial operation / payment to Developer





Correspondence or written questions should be submitted in writing.

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